

Message Text

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FM USMISSION EC BRUSSELS

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TAGS: EFIN, EEC

SUBJECT: EIB PROCUREMENT POLICY

REF (A) STATE 186565, (B) EC BRUSSELS A-46, (C) EC BRUSSELS

1881, (D) EC BRUSSELS A-327

1. MISSION CONTACTED EIB OFFICIAL (EUGENIO GREPPI, DEPUTY MANAGER FOR OPERATIONS IN MEDITERRANEAN COUNTRIES) FOR CLARIFICATION OF EIB PROCUREMENT POLICY, ESPECIALLY AS APPLIED TO CASE CITED REF A.

2. ACCORDING TO THIS OFFICIAL, EIB POLICY CONTINUES TO BE AS CITED REF B: INTERNATIONAL TENDERS ARE REQUIRED ON PUBLIC PROJECTS WHICH EIB HELPS TO FINANCE. USING POWER UNDER ARTICLE 20 (5) OF ITS STATUTE, EIB'S CONTRACTS ON LOANS FROM ITS OWN RESOURCES INCLUDE CLAUSES REQUIRING INTERNATIONAL TENDERS AND NON-DISCRIMINATORY COMPETITION (REF C). THIS POLICY APPLIES EQUALLY TO LOANS WITHIN EC AND LOANS TO THIRD COUNTRIES.

3. HOWEVER, THIS POLICY APPLIES ONLY TO "ORDINARY OPERATIONS" FUNDED OUT OF THE EIB'S OWN RESOURCES (I.E., FROM ITS CAPITAL MARKET BORROWINGS OR FROM PAID-UP CAPITAL AND RESERVES); IT DOES NOT APPLY TO SO-CALLED "SPECIAL OPERATIONS"

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WHICH ARE LOANS TO THIRD COUNTRIES FUNDED FROM THE BUDGETS OF

MEMBER STATES (DIRECTLY OR INDIRECTLY THROUGH THE EUROPEAN DEVELOPMENT FUND) AND PROVIDED ON VERY MUCH SOFTER TERMS. MEMBER STATES REQUIRE THAT PROCUREMENT ON THESE LOANS BE GENERALLY RESTRICTED TO EC COUNTRIES OR TO RECIPIENT COUNTRY. (EXCEPTIONS ARE PERMITTED IN CASE, FOR EXAMPLE, TECHNOLOGICAL REQUIREMENTS CANNOT BE MET WITHIN EC).

4. IN THESE "SPECIAL OPERATIONS" THE EIB IS ACTING ONLY AS AN AGENT, WITH ADMINISTRATIVE COSTS COVERED BY A MANAGEMENT FEE. SINCE THEY DO NOT INVOLVE THE EIB'S OWN FUNDS, THEY ARE NOT INCLUDED IN THE EIB BALANCE SHEET, SEPARATE ACCOUNTS BEING MAINTAINED BY THE SPECIAL SECTION OF EIB. UP TO NOW, "SPECIAL OPERATIONS" HAVE ACCOUNTED FOR 63 PERCENT OF EIB LENDING IN THIRD COUNTRIES. FURTHER DETAILS MAY BE OBTAINED FROM THE EIB 1975 ANNUAL REPORT, WHICH WAS ENCLOSED WITH REF D.

5. MOST EIB LENDING IN TURKEY IS OF THE "SPECIAL OPERATION" TYPE, MOST RECENTLY UNDER THE SECOND EEC-TURKEY FINANCIAL PROTOCOL OF 1973. EIB OFFICIAL CONFIRMED THAT GEDIZ AGRICULTURAL REHABILITATION PROJECT IS IN THIS CATEGORY, ACCOUNTING FOR THE PROCUREMENT RESTRICTIONS CITED REF A.

6. ANSWERS TO SPECIFIC POINTS RAISED PARA 3 REF A ARE:

(A) NO. SUCH RESTRICTIONS APPLY ONLY TO EIB-MANAGED, SOFT-LOAN "SPECIAL OPERATIONS" AS DESCRIBED ABOVE. IN SUCH OPERATION CERTIFICATES OF ORIGIN ARE REQUIRED.

(B) NO. (C) PROCUREMENT RESTRICTIONS APPLYING TO "SPECIAL OPERATIONS" WOULD NOT PERMIT US FIRMS TO PARTICIPATE BY SELLING THROUGH EC AGENTS OR FIRMS. NATIONALITY OF MANUFACTURE IS CRITERION APPLIED.

(D) ASSUMPTION IS CORRECT. EUROPEAN SUBS OF US FIRMS MAY BID ON EIB "SPECIAL OPERATIONS" PROJECTS ON SAME BASIS AS EC DOMESTIC FIRMS, SO LONG AS PRODUCTS ARE MANUFACTURED WITHIN EC. EIB OFFICIAL NOTED IN THIS CONNECTION THAT EUROPEAN SUBS OF US FIRMS HAVE IN FACT SUPPLIED EQUIPMENT TO SUCH PROJECTS WHERE EQUIPMENT HAS BEEN PRODUCED IN EC UNDER LICENSE FROM US PARENT.
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7. RE REQUEST FOR COPIES OF REGULATIONS DETAILING "SPECIAL OPERATIONS" PROCUREMENT RESTRICTIONS, EIB OFFICIAL TOLD US THAT THE ONLY SUCH WRITTEN EC CONDITIONS ON PROCUREMENT ARE THOSE INCLUDED IN RELEVANT DOCUMENTS GOVERNING TERMS OF ASSISTANCE -- E.G., LOME CONVENTION, 1973 EEC-TURKEY FINANCIAL PROTOCOL. WE ASSUME THESE DOCUMENTS ARE AVAILABLE IN WASHINGTON, BUT CAN PROVIDE THEM ON REQUEST.

THERE ARE NO SPECIAL EIB REGULATIONS.HINTON

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